

Message Text

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C O N F I D E N T I A L SECTION 1 OF 3 IAEA VIENNA 1737

DEPT PASS IO/SCT AND NRC

EO 11652: GDS

TAGS: AORG, OCON, PARM, TECH, IAEA

SUBJECT: FEBRUARY MEETING OF IAEA BOARD OF GOVERNORS: IMPLICATIONS
FOR U.S. NON-PROLIFERATION POLICY

REF: (A) IAEA VIENNA 1133, (B) IAEA VIENNA 1534

1. SUMMARY. THIS MESSAGE DISCUSSES SOME CONSIDERATIONS
BROUGHT OUT IN COURSE OF BG DISCUSSIONS FEBRUARY 22-24 WHICH
MISSION BELIEVES HAVE IMPLICATIONS FOR U.S. NON-PROLIFERA-
TION POLICY INCLUDING FUTURE OF LONDON SUPPLIER GROUP,
WHICH WARRANT DEPARTMENT'S ATTENTION. END SUMMARY.

2. DISCUSSIONS AT FEBRUARY MEETING OF IAEA BOARD OF
GOVERNORS WERE AN EYE-OPENER TO A NUMBER OF PARTICIPANTS.
FOR FIRST TIME IN RECENT MEMORY, BOARD WAS DEADLOCKED,
ALONG LINES OF DEVELOPED MEMBER STATES VS/LDC MEMBERS, ON
TWO HIGHLY IMPORTANT ISSUES ON THE AGENDA; NAMELY, THE
AGENCY'S PROPOSED CRITERIA FOR THE APPLICATION OF SAFEGUARDS IN
CONNECTION WITH TA PROVIDED BY IT, AND A PROPOSAL BY REPS OF THE
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AFRICAN AND MIDDLE EAST/SOUTH ASIA REGIONS FOR REVISION
OF ARTICLE VI OF THE IAEA STATUTE WHICH WOULD, IN
EFFECT, PROVIDE A HANDY MAJORITY OF LDC SEATS ON THE
AGENCY'S POWERFUL BOARD OF GOVERNORS. THE POLARITY OF
VIEWS WHICH EMERGED CAN BE ATTRIBUTED TO SEVERAL
CAUSES, BUT IN BOTH CASES IT SEEMS CLEAR THAT IT WAS
DUE IN NO SMALL MEASURE TO A PERCEPTION ON THE PART OF

DEVELOPING COUNTRIES THAT THEY ARE BEING PLACED IN AN UNFAIR AND INTOLERABLE POSITION AS A RESULT OF DECISIONS ON NUCLEAR EXPORT POLICY BEING TAKEN BY DEVELOPED STATES-DECISIONS MADE IN SECRECY AND WITHOUT CONSULTING THEM.

2. IT WOULD BE AN OVERSTATEMENT TO SAY THAT THE LENGTHLY (6 HOURS) AND AT TIMES BITTER BOARD DISCUSSIONS ON THE QUESTION OF WHAT KINDS OF T.A. PROVIDED BY THE AGENCY SHOULD BE SUBJECT TO SAFEGUARDS WAS DUE TO THIS FACTOR ALONE. THE ACTIONS OF THE IAEA SECRETARIAT WERE RESPONSIBLE IN PART FOR THE INTRANSIGENT POSTURE ASSUMED BY THE LDC'S. ONE MAJOR BLUNDER WAS AN EXPLANATION MADE BY A HIGH-RANKING AGENCY OFFICIAL TO SEVERAL LDC REPS THAT THE CATEGORIES OF SENSITIVE TECHNOLOGY IDENTIFIED IN GOV/INF/316 COULD BE ATTRIBUTED TO THE DECISIONS OF THE LONDON SUPPLIERS GROUP. THIS OBVIOUSLY DID NOT SIT WELL WITH REPS WHO ALREADY QUESTIONED PROPRIETY OF SECRETARIAT REQUIRING CONCLUSION OF SAFEGUARDS AGREEMENTS ON TA PROJECTS PRIOR TO FORMAL APPROVAL OF THOSE PROJECTS AS WELL AS SAFEGUARDS GUIDELINES BY THE BOARD. THESE SAME RECIPIENTS ALSO ARGUED (WITH SOME JUSTIFICATION) THAT SECRETARIAT WAS OFF BASE IN ITS PREMISE, CONTAINED IN GOV/INF/316, THAT THE SPECIFIC PROVISIONS CONTAINED IN PREVIOUS AGREEMENTS BASES ON INFCIRF 66 REV. 2 NECESSARILY ESTABLISHED PRECEDENTS FOR FUTURE SAFEGUARDS AGREEMENTS. ALSO TROUBLESOME AND COMPLICATED WAS THE CONCEPT, INFERRED FROM GOV/INF/316, OF A SINGLE FELLOWSHIP, FUNDED BY THE TA PROGRAM, TRIGGERING SAFEGUARDS ON A POSSIBLE FUTURE FACILITY IN THE CONFIDENTIAL

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RECIPIENT COUNTRY.

3. NOTWITHSTANDING THESE FACTORS, IT IS IMPORTANT TO NOTE THAT AT NO TIME DURING THE INTENSE BOARD DISCUSSIONS DID THE CRITICS OF GOV/INF/316 ADDRESS THE PROPRIETY OF THE AREAS OF SENSITIVE TECHNOLOGIES PER SE. OBJECTONS TO GOV/INF/316 WERE BASICALLY PROCEDURAL: I.E., IT WAS THE RESPONSIBILITY OF THE BOARD NOT RPT NOT THE SECRETARIAT TO DETERMINE SAFEGUARDS POLICY AND MORE TIME FOR STUDY BY BOARD MEMBERS WAS NECESSARY. WHAT CAME THROUGH CLEARLY WAS THE FEELING THAT DEVELOPING COUNTRIES WERE NOT RPT NOT GOING TO LET THE SECRETARIAT DICTATE TO THEM POLICIES WHICH THEY HAD HAD NO PART IN FORMULATING AND WHICH OUTSIDE FORCES WERE ATTEMPTING TO IMPOSE THROUGH THE AGENCY. INDIAN REP, FOR EXAMPLE, EXPRESSED MISGIVINGS THAT AGENCY WAS BECOMING "AGENT" FOR IMPLE-

MENTATION OF DECISIONS TAKEN "ELSEWHERE". EGYPTIAN

REP ASKED RHETORICALLY WHETHER TA RECIPIENTS WERE BEING TOLD THAT TA WOULD BE SUPPLIED ONLY ON SUPPLIERS' TERMS, AS THOSE TERMS MIGHT FROM TIME TO TIME BE ALTERED. PAKISTANI REP CITED FEELING ON PART OF RECIPIENTS THAT DEVELOPED STATES WERE ATTEMPTING TO DENY ADVANCED TECHNOLOGY TO COUNTRIES IN NEED OF IT.

4. DEPARTMENT WILL RECALL THAT MISSION PREDICTED THAT ATTITUDE OF BOARD MEMBERS WHICH ARE NPT PARTIES AS WELL AS TA RECIPIENTS WOULD BE CRUCIAL TO OUTCOME OF THIS DEBATE (REF A). IT IS REVEALING THAT OF THE TWELVE BOARD MEMBERS WHO SPOKE CRITICALLY OF GOV/INF/316, FIVE (NIGERIA, MEXICO, MALAYSIA, YUGOSLAVIA, LIBYA) WERE NPT PARTIES, NOTWITHSTANDING THE LOGICAL SUPPOSITION THAT THESE MEMBERS WOULD SUPPORT THE SECRETARIAT IN ORDER TO PREVENT NON PARTIES FROM RECEIVING CERTAIN TYPES OF TA ON MORE LENIENT CONFIDENTIAL

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TERMS THAN THEY WOULD. THE POSITIONS THESE MEMBERS TOOK AT THE BOARD INDICATE, IN OUR JUDGMENT, THAT THEY SHARE THE RESENTMENT FELT BY OTHER LDC'S TOWARD THE SUPPLIERS AND, IN THE CASE OF MEXICO AND YUGOSLAVIA, THAT THEY ARE PROBABLY ALSO EXPRESSING SOME DISENCHANTMENT WITH THE NPT.

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C O N F I D E N T I A L SECTION 2 OF 3 IAEA VIENNA 1737

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5. THE DISCUSSIONS ON REVISION OF THE STATUTE ALSO PROVIDE FOOD FOR THOUGHT - QUITE APART FROM THE POSSIBLE CONSEQUENCES OF THAT REVISION. WHILE THE ATTEMPT TO BRING ABOUT THIRD WORLD DOMINATION OF THE AGENCY CAN BE VIEWED IN THE CONTEXT OF A GENERAL TENDENCY WHICH AS ALREADY ACHIEVED THAT EFFECT IN ORTHER ORGANIZATIONS, A NUMBER OF GOVERNORS (E.G., GOLDSCHMIDT, LOOSCH, HERZOG) CONCLUDE THAT MUCH OF THE BORAD SUPPORT FOR REVISION IS A REACTION TO THE LONDON EXERCISE, AN ASSESSMENT WITH WHICH WE AGREE. THE DEVELOPING STATES WISH TO BE IN A POSITION TO INSURE THAT THE EXECUTIVE BODY OF THE IAEA WILL BE MORE OF A FORUM FOR THEM AND MORE RESPONSIVE TO THEIR NEEDS. THIS FEELING, TOO, CUTS ACROSS LINES OF NATIONAL POSTURES TOWARD THE NPT.

6 IT SEEMS THAT TWO BASIC PROBLEMS HAVE TO BE TAKEN INTO ACCOUNT IN ADDRESSING FUTURE U.S. NON-PROLIFERATION POLICY. WE SHOULD ASK OURSELVES FIRST WHETHER CERTAIN ACTIONS WE HAVE TAKEN

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WITH THE INTENTION OF PREVENTING FURTHER NUCLEAR PROLIFERATION HAVE NOT SERVED INSTEAD TO ERODE THE NON-PROLIFERATION REGIME. CRITICISM OF THE NWS'S AT THE NPT REVIEW CONFERENCE WAS FOCUSSED PRINCIPALLY ON LACK OF PROGRESS WITH REGARD TO ARTICLE VI OF THE TREATY AND THE INSUFFICIENCY OF TA RENDERED UNDER ARTICLE IV. WE HAVE NOW A SITUATION IN WHICH THE NNWSS PARTY TO THE TREATY PERCEIVE IN ADDITION THAT IN THE LONDON AGREEMENTS THE NWSS HAVE, SO TO SPEAK, UNILATERALLY GONE BEYOND THE NPT AND IN THE PROCESS SIGNIFIED THAT THEY WILL NOT FULFILL THEIR COMMITMENTS UNDER THE TREATY. MOREOVER, ONE PARTY TO THE TREATY (YUGOSLAVIA) HAS BEEN ABLE TO ARGUE PUBLICLY THAT THE U.S. IS NOT MEETING IN GOOD FAITH ITS OBLIGATIONS ASSUMED UNDER A TRILATERAL SUPPLY AGREEMENT. THE SECOND AND LARGER PROBLEM, WHICH SUBSUMES THE FIRST, INVOLVES THE QUESTION OF WHETHER IT IS IN OUR INTERESTS TO ERASE OR SOFTEN THE CONFRONTATION WHICH IS UPON US, AND IF SO, HOW TO DO IT.

7. IN ADDRESSING THESE QUESTIONS, MISSION WOULD BE INCLINED TO GIVE FIRST PRIORITY TO "GRIEVANCE" OF NPT PARTIES. WE ARE CONFIDENT THAT IN THE PRESENT OVERVIEW OF U.S. NON-PROLIFERATION POLICY, ATTENTION IS BEING GIVEN TO EXAMINATION OF ACTIONS ON OUR PART WHICH

MIGHT HAVE THE EFFECT OF ERODING THE NPT REGIME, AND WE URGE THAT THIS ASPECT OF OUR POLICY BE GIVEN CAREFUL SCRUTINY. THERE IS AN ELEMENT OF INCONSISTENCY IN OUR MOUNTING A MAJOR EFFORT IN CAPITALS TO ATTRACT NEW NPT ADHERENTS, ON THE ONE HAND, WHILE INTRODUCING EXTRANEOUS AND IRRITATING CONDITIONS INTO OUR EXISTING SUPPLY RELATIONSHIPS WITH NPT PARTIES ON THE OTHER. SERMONIZING ON THE UNIVERSAL BENEFITS OF NON-PROLIFERATION HAS TURNED TO COLD GRUEL FOR A NUMBER OF STATES WHOSE NON-PROLIFERATION CREDENTIALS ARE EXCELLENT. WITHOUT BACKING AWAY FROM WHAT WE HOPE TO ACHIEVE FURTHER IN PREVENTING PROLIFERATION, MISSION SUGGESTS THAT OUR OVERALL
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INTERESTS MIGHT BETTER BE SERVED BY APPLICATION, IN OUR RELATIONS WITH NPT PARTIES, OF THE SAME PRINCIPLE OF "RULE OF REASON" WHICH WE APPLIED FOR SO LONG IN OUR DEALINGS WITH EURATOM STATES. THIS APPROACH SHOULD BE A SELECTIVE ONE, TAKING ALL SENSITIVE POLITICAL FACTORS INTO ACCOUNT, AND CAREFULLY MEASURING IN EACH CASE THE BENEFITS OBTAINABLE VS THE COST OF AN OVERLY RIGID POSITION, BEARING IN MIND THAT ONE OF THE COSTS INVOLVED COULD WELL BE THE CREDIBILITY OF THE U.S. AND OF THE NON-PROLIFERATION REGIME. YUGOSLAVIA IS A CASE IN POINT.

8. THE FUTURE OF THE LONDON SUPPLIERS GROUP IS CLEARLY RELATED TO THE APPROACH WE TAKE WITH RESPECT TO BOTH PROBLEMS IDENTIFIED HERE (EROSION OF THE NPT AND AMELIORATION OF DC-LDC CONFRONTATION). THE PRINCIPAL DILEMMA CONFRONTING US WITH RESPECT TO LONDON IS HOW TO ACHIEVE THE RESULTS WE SEEK THROUGH AGREEMENT AMONG

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SUPPLIERS WITHOUT FURTHER AGGRAVATING THE BACKLASH OF
RECIPIENTS' REACTION. IT SEEMS TO US THAT A SINE QUA
NON OF ANY SOLUTION IS THE DESTRUCTION OF THE PUBLIC
IMAGE WHICH HAS BEEN CREATED BY THE LONDON TALKS OF
A SECRET, CONSPIRATORIAL CARTEL OF ADVANCED COUNTRIES
CONTEMPTUOUS OF THE NEEDS OF RECIPIENT COUNTRIES.
ONE STEP WHICH WOULD HLEP TO ACHIEVE THIS EFFECT WOULD BE
FOR THE GUIDELINES (AFTER THEY HAVE BEEN FINALIZED)
AND THEIR PURPOSE TO BE MADE PUBLIC IN SOME FASHIN,
PERHAPS THROUGH THE IAEA SIMILAR TO THE PROCEDURE
FOLLOWED IN 1974 IN THE ZANGGER COMMITTEE EXERCISE.
GRANTED THAT MOST OF THE LONDON UNDERTAKINGS HAVE ALREADY
BEEN LEAKED, A FORMAL LIFTING OF THE "SECRECY" VEIL
WOULD AT LEAST SERVE TO REMOVE SPECULATION AND REDUCE
SUSPICION.

9. A SECOND STEP WHICH SHOULD BE CONSIDERED IS
RELATED TO THE WIDENING OF PARTICIPANTS IN THE
SUPPLIER DISCUSSIONS. CONSIDERATION IS ALREADY BEING
GIVEN TO INVITING CERTAIN MEMBERS OF THE ZANGGER
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GROUP TO ADHERE TO THE GUIDELINES. MISSION RECOMMENDS
THAT THE DEPARTMENT ALSO CONSIDER THE ADVISABILITY
OF INCLUDING, IN THE DISCUSSION ON NUCLEAR EXPORT
POLICY, AS A MINIMUM, SELECTED NPT RECIPEINT COUNTRIES,
E.G., MEXICO, YUGOSLAVIA, PHILIPPINES, INDONESIA, IRAN.
WHILE THIS MAY HVE TO AWAIT THE FINAL OUTCOME OF THE
LONDON TALKS, IT SEEMS ADVISABLE TO US TO AT LEAST TAKE
NPT PARTIES INTO OUR CONFIDENCE BEFORE PUBLICATION OF
THE GUIDELINES. OBVIOUSLY THESE CONSULTATIONS NEED
NOT TAKE PLACE IN LONDON; VIENNA MIGHT BE PREFERABLE
AS A VENUE FOR AT LEAST SOME OF THEM. WHATEVER THE
MECHANICS MAY BE, ANY SUCCESS WE ACHIEVE IN RESTORING
THE CONFIDENCE OF THESE STATES IN OUR GOOD FAITH WOULD
BE WORTH THE EFFORT. IT COULD WELL SERVE TO DRIVE A
WEDGE INTO WHAT IS SHAPING UP AS A SOLID LDC FRONT.

10. CONSULTATIONS WITH THE MORE TROUBLESOME NON-

PARTIES (E.G., PAKISTAN, INDIA, ARGENTINA, BRAZIL)
AND INVITATIONS TO ADHERE TO THE GUIDELINES SHOULD
NOT BE RULED OUT, THOUGH WE RECOGNIZE THAT THIS WOULD
DEPEND ON BROADER POLICY CONSIDERATIONS; E.G., WHETHER
OUR PREFERENCE IS TO ISOLATE THEM OR TO ATTEMPT TO
BRING THEM INTO THE FOLD. IT MAY BE DESIRABLE AS A
MEANS OF FORESTALLING THE PARANOIA WHICH CAN BE
EXPECTED TO DEVELOP WHEN A GROUP OF IMPORTANT STATES
FEELS IT IS BEING DENIED A FORUM FOR EXPRESSING ITS
VIEWS ON A SUBJECT OF GREAT IMPORTANCE TO IT.

11. THE SUPPLIER STATES CAN CONTINUE AS BEFORE, MEET-
ING IN WHAT THESE DAYS PASSES FOR SECRECY, CONFINING
PARTICIPANTS IN THEIR DISCUSSIONS TO SUPPLIERS AND/OR
DEVELOPED STATES. CONSIDERATIONS OF WHICH WE ARE
UNAWARE MAY, IN FACT, LEAD US TO CONCLUDE THAT TO
BE THE MOST PRUDENT COURSE. HOWEVER, MISSION URGES
THAT THE MESSAGE OF THE FEBRUARY MEETING OF THE
BOARD OF GOVERNORS NOT BE OVERLOOKED IN SHAPING
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OUR FUTURE ACTIONS IN THE NON-PROLIFERATION EFFORT. STONE

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